## COMPANY RESULTS

# Maxis (MAXIS MK)

2Q25: In Line; Cost Discipline Driving Underlying Profits

**Maxis registered robust 2Q25 net profit of RM398m (+11.8% yoy; +7.3% qoq). This brings 1H25 net profit to RM769m – a commendable 9% yoy growth. We deem the results to be in line with expectations, with 1H25 net profit making up 51% and 52% of house and street estimates. Earnings were largely driven by stable topline and good cost discipline. Maxis declared a second interim net DPS of 4 sen/share (79% payout). Maintain BUY with a DCF-based target price of RM4.20.**

### 2Q25 RESULTS

| Year to 31 Dec (RMm) | 2Q25 | qoq % chg | yoy % chg | 1H25 | yoy % chg |
|---|---|---|---|---|---|
| **Revenues** | 2,562 | (1.8) | (0.9) | 5,170 | (0.4) |
| Reported EBITDA | 1,094 | 3.7 | 4.6 | 2,149 | 2.8 |
| Normalised EBITDA | 1,094 | 3.7 | 4.6 | 2,149 | 2.8 |
| Normalised EBITDA Margin (%) | *42.7* | 2.2 | 2.3 | *49.1* | 1.7 |
| Pre-tax profits | 537 | 7.4 | 11.2 | 1,037 | 7.8 |
| **Net profit** | **398** | **7.3** | **11.8** | **769** | **8.5** |
| **Core Net profit** | **398** | **7.3** | **11.8** | **769** | **8.5** |
| EPS (sen) | 5.1 | 8.5 | 10.9 | 9.8 | 7.7 |
| DPS (sen) | 4.0 | 0.0 | 0.0 | 8.0 | 0.0 |
| Subscribers ('000) | 9,810 | 0.4 | 2.8 | 9,810 | 2.8 |
| **Cost Structure (% of revenue)** | **2Q24** | **3Q24** | **4Q24** | **1Q25** | **2Q25** |
| Traffic, commissions & other direct costs | 44.9% | 43.9% | 52.5% | 46.6% | 41.5% |
| Network & Spectrum | 9.1% | 9.5% | 10.1% | 9.6% | 9.7% |
| Resource | 9.4% | 9.2% | 10.0% | 9.2% | 9.5% |
| O&M | 4.9% | 5.8% | 5.5% | 4.7% | 5.0% |
| Marketing | 2.1% | 1.9% | 2.1% | 1.9% | 1.9% |

*Source: Maxis Berhad, UOB Kay Hian*

### RESULTS

- **2Q25: Another solid quarter.** Maxis posted a 2Q25 net profit of RM398m (+12% yoy; +7% qoq), underpinned by cost discipline, lower device expenses, and relatively stable service revenue growth of 1%. The cost efficiencies lifted 2Q25 net profit margin to 15.5% versus 13.8% in 2Q24.
- **Interim DPS of 4 sen/share.** Maxis declared a second interim DPS of 4 sen/share (79% earnings payout), within our expectations. We project a full-year net DPS of 17.6 sen/share, translating to a net dividend yield of 4.9%.

### KEY FINANCIALS

| Year to 31 Dec (RMm) | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net turnover | 10,180 | 10,536 | 10,860 | 11,542 | 12,171 |
| EBITDA | 3,960 | 4,122 | 4,244 | 4,499 | 4,620 |
| Operating profit | 1,890 | 2,324 | 2,453 | 2,576 | 2,696 |
| Net profit (rep./act.) | 992 | 1,396 | 1,501 | 1,603 | 1,712 |
| Net profit (adj.) | 1,353 | 1,396 | 1,501 | 1,603 | 1,712 |
| EPS (sen) | 17.3 | 17.8 | 19.2 | 20.5 | 21.9 |
| PE (x) | 19.9 | 19.3 | 18.7 | 17.5 | 16.4 |
| P/B (x) | 4.7 | 4.6 | 4.7 | 4.6 | 4.4 |
| EV/EBITDA (x) | 9.1 | 8.7 | 8.5 | 7.8 | 7.5 |
| Dividend yield (%) | 4.7 | 4.9 | 4.9 | 5.2 | 5.2 |
| Net margin (%) | 13.3 | 13.2 | 13.8 | 13.9 | 14.1 |
| Net debt/(cash) to equity (%) | 160.2 | 149.4 | 132.3 | 115.1 | 102.5 |
| Interest cover (x) | 3.8 | 4.5 | 5.1 | 5.1 | 5.4 |
| ROE (%) | 23.6 | 23.6 | 24.9 | 26.0 | 26.7 |
| Consensus net profit | - | - | 1,495 | 1,496 | 1,497 |
| UOBKH/Consensus (x) | - | - | 1.00 | 1.07 | 1.14 |

*Source: Maxis Berhad, Bloomberg, UOB Kay Hian*

## BUY

(Maintained)

| | |
|---|---|
| Share Price | RM3.44 |
| Target Price | RM4.20 |
| Upside | +22.1% |

### COMPANY DESCRIPTION

Mobile operator in Malaysia, providing 4G and 5G services.

### STOCK DATA

| | |
|---|---|
| GICS sector | Communication Services |
| Bloomberg ticker: | MAXIS MK |
| Shares issued (m): | 7,833.1 |
| Market cap (RMm): | 26,952.7 |
| Market cap (US$m): | 6,378.6 |
| 3-mth avg daily t'over (US$m): | 2.0 |

**Price Performance (%)**

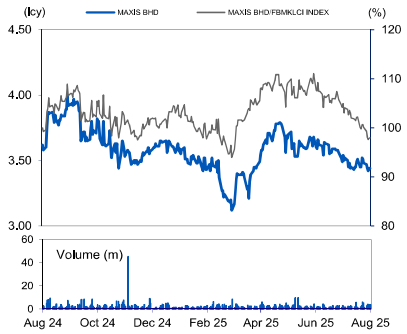
52-week high/low RM4.00/RM3.11

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| (1.4) | (6.3) | (2.3) | (2.5) | (5.8) |

| **Major Shareholders** | **%** |
|---|---|
| Binariang GSM Sdn Bhd | 62.2 |
| Employees Provident Fund | 12.0 |
| Skim Amanah Saham | 10.4 |

| | |
|---|---|
| FY25F NAV/Share (RM) | 0.77 |
| FY25F Net Debt/Share (RM) | 1.02 |

### PRICE CHART




*Source: Bloomberg*

### ANALYST(S)

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## STOCK IMPACT

- **Postpaid revenue sees a marginal uptick to RM933m** (2% yoy; +1% qoq) on the back of strong subscriber growth, driven by enhanced data plan offerings**.** The net addition of 58,000 postpaid subscribers in the quarter helped cushion the decline in postpaid average revenue per user (ARPU) to RM71.30/month (1Q25: RM71.80/month), on top of the dilutive impact from the revised revenue recognition on Maxis' SafeDevice programme.
- **2Q25 prepaid revenue fell 6% yoy but rose 3% qoq to RM610m** owing to a decline in ARPU at RM35.30/month (-5% yoy; +3% qoq). The healthy qoq performance is attributed the group's strategy to rebalance its product portfolio by offering personalised packages, targeting value-driven consumers and tourists.
- **Integration of home solar into the Consumer Home segment.** Consumer Home (fibre and home solar) service revenue grew 1% yoy but was flat qoq at RM254m, supported by a 1% increase in subscriptions to 788,000. ARPU inched up marginally to RM111.20/month (1Q25: RM111.10/month).
- **Enterprise segment maintains momentum with solid business pipeline.** Enterprise revenue rose 2% yoy and 2% qoq to RM407m, supported by growth in mobile subscriptions and stronger wholesale services. The group's outlook remains favourable, supported by strong demand from small and medium enterprises (SMEs) and the public sector, underpinned by Maxis' digital transformation capabilities and value-added integrated solutions.
- **Maxis launches CMLink in partnership with CMI.** Maxis has entered a partnership with China Mobile International (CMI) to launch CMLink, a mobile virtual network operator (MVNO) business in Malaysia. CMLink targets Chinese students, professionals, and short-term visitors with seamless cross-border connectivity through its 1CMN (one card, multiple numbers) feature and China-Malaysia data sharing, offering both convenience and value.

## EARNINGS REVISION/RISK

- No change to earnings.
- **2025 guidance.** The group remains confident in achieving their 2025 guidance, with a revised capex target to around RM1b (from <RM1b). Spending will be primarily directed towards fibre infrastructure and enterprise business expansion.

## VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged DCF-based target price of RM4.20** (discount rate: 7%; growth: 3%). At our target price, the stock trades at 8.5x EV/EBITDA, -1SD below its mean valuation of 10.4x. The stock offers an attractive dividend yield of 5%.

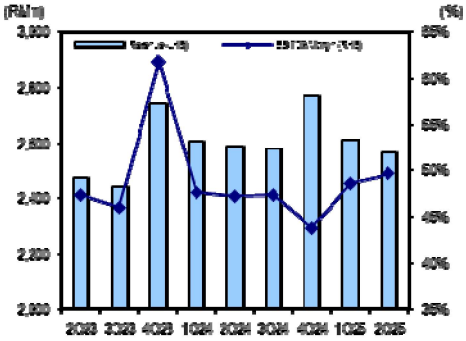
## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

| |
|---|
| • **Environmental** |
| - Implementation of waste management protocols has successfully led to a commendable 78% recycling rate on total waste generated (88% for network waste, 26% for marketing materials and 12% for office waste). |
| • **Social** |
| - Entrepreneur development through its eKelas® Usahawan benefitted 4,483 entrepreneurs and micro-SMEs in 2024 involving digital marketing with additional focus on underserved areas. |
| - Community outreach involving 3,440 hours of employee volunteering and providing humanitarian relief during natural disasters amounting to RM2.2m in 2024. |
| • **Governance** |
| - Good company transparency along with an anti-bribery and anti-corruption policy. |

## PERFORMANCE GUIDANCE FOR 2025

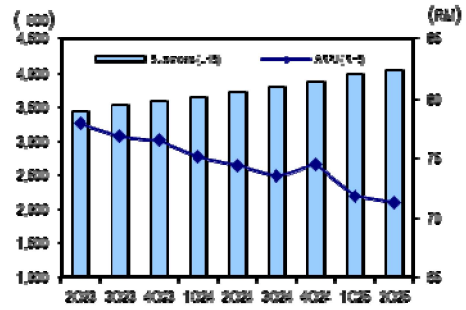
*Source: Maxis, UOB Kay Hian*

## REVENUE AND EBITDA MARGIN



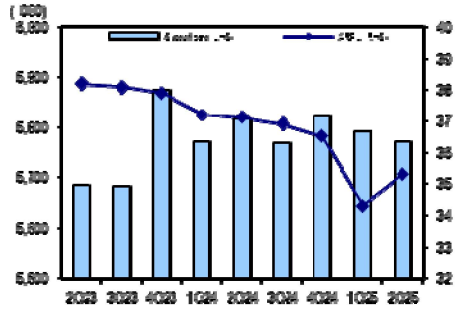
*Source: Maxis, UOB Kay Hian*

## POSTPAID TREND



*Source: Maxis, UOB Kay Hian*

## PREPAID TREND



*Source: Maxis, UOB Kay Hian*

## KEY ASSUMPTIONS

| Key Assumptions | 2025F | 2026F | 2027F |
|---|---|---|---|
| Revenue growth (%) | 3.1 | 6.3 | 5.4 |
| EBITDA margin (%) | 39.1 | 39.0 | 38.0 |
| CAPEX to revenue (%) | 10.0 | 11.0 | 14.5 |
| Mobile subs (m) | 11.0 | 11.4 | 11.8 |

*Source: UOB Kay Hian*

## PROFIT & LOSS

| Year to 31 Dec (RMm) | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|
| **Net turnover** | **10,536.0** | **10,859.5** | **11,542.4** | **12,171.3** |
| EBITDA | 4,122.0 | 4,244.0 | 4,499.1 | 4,620.4 |
| Deprec. & amort. | 1,798.0 | 1,791.3 | 1,922.8 | 1,924.1 |
| EBIT | 2,324.0 | 2,452.7 | 2,576.3 | 2,696.3 |
| Net interest income/(expense) | (447.0) | (434.8) | (420.9) | (394.7) |
| **Pre-tax profit** | **1,877.0** | **2,017.9** | **2,155.4** | **2,301.6** |
| Tax | (481.0) | (517.1) | (552.3) | (589.8) |
| Minorities | - | - | - | - |
| **Net profit** | **1,396.0** | **1,500.8** | **1,603.1** | **1,711.8** |
| Net profit (adj.) | 1,396.0 | 1,500.8 | 1,603.1 | 1,711.8 |

## BALANCE SHEET

| Year to 31 Dec (RMm) | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|
| Fixed assets | 5,091.0 | 4,385.6 | 3,732.5 | 3,573.3 |
| Other LT assets | 14,328.0 | 14,328.0 | 14,328.0 | 14,328.0 |
| Cash/ST investment | 464.0 | 1,018.2 | 1,643.7 | 1,958.0 |
| Other current assets | 2,440.0 | 2,541.3 | 2,700.6 | 2,847.3 |
| **Total assets** | **22,323.0** | **22,273.1** | **22,404.8** | **22,706.6** |
| ST debt | 1,193.0 | 1,193.0 | 1,193.0 | 1,193.0 |
| Other current liabilities | 4,408.0 | 4,534.2 | 4,800.7 | 5,046.1 |
| LT debt | 8,096.0 | 7,799.8 | 7,536.8 | 7,336.4 |
| Other LT liabilities | 2,720.0 | 2,720.0 | 2,720.0 | 2,720.0 |
| Shareholders' equity | 5,906.0 | 6,026.1 | 6,154.3 | 6,411.1 |
| Minority interest | 1.0 | 1.0 | 1.0 | 1.0 |
| **Total liabilities & equity** | **22,323.0** | **22,273.1** | **22,404.8** | **22,706.6** |

## CASH FLOW

| Year to 31 Dec (RMm) | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|
| **Operating** | **3,057.0** | **3,751.9** | **4,053.9** | **4,129.3** |
| Pre-tax profit | 1,877.0 | 2,017.9 | 2,155.4 | 2,301.6 |
| Tax | (481.0) | (517.1) | (552.3) | (589.8) |
| Deprec. & amort. | 1,798.0 | 1,791.3 | 1,922.8 | 1,924.1 |
| Associates | - | - | - | - |
| Working capital changes | 10.0 | 25.0 | 107.2 | 98.7 |
| Other operating cashflows | (147.0) | 434.8 | 420.9 | 394.7 |
| **Investing** | **(693.0)** | **(1,063.7)** | **(1,229.7)** | **(1,710.8)** |
| Capex (maintenance) | (1,011.0) | (1,086.0) | (1,269.7) | (1,764.8) |
| Proceeds from sale of assets | 1.0 | - | - | - |
| Others | 34.0 | 22.2 | 39.9 | 54.0 |
| **Financing** | **(2,451.0)** | **(2,134.0)** | **(2,198.6)** | **(2,104.1)** |
| Dividend payments | (1,253.0) | (1,380.7) | (1,474.8) | (1,455.0) |
| Issue of shares | - | - | - | - |
| Proceeds from borrowings | (431.0) | (296.2) | (263.0) | (200.4) |
| Others/interest paid | (767.0) | (457.0) | (460.8) | (448.7) |
| **Net cash inflow (outflow)** | **(87.0)** | **554.2** | **625.5** | **314.3** |
| **Beginning cash & cash equivalent** | **540.0** | **453.0** | **1,007.2** | **1,632.7** |
| Changes due to forex impact | - | - | - | - |
| **Ending cash & cash equivalent** | **453.0** | **1,007.2** | **1,632.7** | **1,947.0** |

## KEY METRICS

| Year to 31 Dec (%) | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|
| **Profitability** | | | | |
| EBITDA margin | 39.1 | 39.1 | 39.0 | 38.0 |
| Pre-tax margin | 17.8 | 18.6 | 18.7 | 18.9 |
| Net margin | 13.2 | 13.8 | 13.9 | 14.1 |
| ROA | 6.3 | 6.7 | 7.2 | 7.5 |
| ROE | 23.6 | 24.9 | 26.0 | 26.7 |
| | | | | |
| **Growth** | | | | |
| Turnover | 3.5 | 3.1 | 6.3 | 5.4 |
| EBITDA | 4.1 | 3.0 | 6.0 | 2.7 |
| Pre-tax profit | 30.0 | 7.5 | 6.8 | 6.8 |
| Net profit | 40.7 | 7.5 | 6.8 | 6.8 |
| Net profit (adj.) | 3.2 | 7.5 | 6.8 | 6.8 |
| EPS | 3.2 | 7.5 | 6.8 | 6.8 |
| | | | | |
| **Leverage** | | | | |
| Debt to total capital | 0.6 | 0.5 | 0.5 | 0.5 |
| Debt to equity | 1.6 | 1.5 | 1.4 | 1.3 |
| Net debt/(cash) to equity | 1.5 | 1.3 | 1.2 | 1.0 |
| Interest cover (x) | 4.5 | 5.1 | 5.1 | 5.4 |

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